

backup plans if there are problems with a manufacturer, both this winter and in the future.

Secretary Thompson has worked with us in a constructive way. Progress has been made. I certainly do not think there is a need for people to go out and panic. But I think there are steps that do still need to be taken so we do not have frustrated older people, health care providers, and others who want to take steps to protect their health and that of the American people.

Mr. President, with that, I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

VICTIMS OF TERRORISM RELIEF ACT OF 2001

Mr. TORRICELLI. Mr. President, I ask unanimous consent that the Finance Committee be discharged from further consideration of H.R. 2884, and the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 2884) to amend the Internal Revenue Code of 1986 to provide tax relief for victims of the terrorist attacks against the United States on September 11, 2001.

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. TORRICELLI. Mr. President, as Members of the Senate proceed to Thanksgiving Day celebrations with our families, there is little we can offer to the victims of September 11 but our prayers and our good hopes. But in this final act of the Senate, before we recess, perhaps there is something of this world we can do of some meaning for the children and the widows and the widowers who remain.

For these families, September 11 is the crisis that never ends. Even as the dead are buried and families reconstitute themselves, they are faced, every day, with the living reality of life without someone they loved—a father, a mother without a paycheck or savings or a financial future. They need our prayers. They need our support and our encouragement. But they also need our help.

I think H.R. 2884, as amended by the Senate Finance Committee, for this holiday, offers the hand of the American people to our neighbors. It very simply extends current American policy which waives Federal tax liability to the families of American soldiers or civilian employees of the U.S. Government who are killed in combat or in terrorist actions. This extension would now include American citizens whose family members were killed on September 11, 2001, in New York and Virginia.

First, liability for Federal income taxes will be waived for this year and last year. Any moneys previously paid will be refunded. This money is simply better used to pay mortgages and rents and to feed children than it is to be contributed, at this point, to the Federal Government.

Second, we are mindful that many people of moderate means were killed in the Pentagon and the World Trade Center who may not have paid Federal income taxes. They worked in the restaurants or they cleaned the buildings or they performed other valuable services. Their families may be in the most dire circumstances of all. They will no longer be liable for payroll taxes and will be refunded taxes previously paid.

Third, for those nonworking spouses and children who may have now been in a position to inherit the earnings of a father or a mother who is deceased, they, of course, receive that money knowing no more will be earned. Whatever money is inherited must carry them through a lifetime—to educate the children, house the family. There will be nothing else arriving. This legislation provides significant estate tax relief from all State estate taxes on assets of up to \$3 million and Federal estate taxes on assets of up to \$8.5 million.

Fourth, there are those who did not die on September 11 but whose physical wounds may be with them for a long time. Many are now eligible for disability benefits. Those benefits are theirs, all of them. No matter how long it takes for the scars to heal—the people to be able to walk or to see or to hear—the Federal Government should have no part of their disability funds. Taxes on them will be waived.

Fifth, and finally, through the extraordinary generosity of the American people, hundreds of millions of dollars have been raised from schoolchildren and families and neighbors, corporations, churches and synagogues and mosques. It has been a wonderful expression by the American people, revealing much about ourselves as we help those in desperate need. None of those payments from governments or charities or corporations should be taxed. By virtue of this legislation, taxes on all such payments will be waived.

This evening in New Jersey I will meet with hundreds of the widows and widowers of people who died in the terrorist attack. I know of no better expression by this Senate to those who have survived the loss of people they loved in the terrorist attack than to offer not merely words of sympathy or an expression of understanding that it was not those families who were attacked but America than for the representatives of America, assembled in this Chamber through this legislation, to express our solidarity with this simple act.

This is not all we will do. It is not even the beginning of what we should do. But it is something we can do.

Mr. BAUCUS. Mr. President, September 11, 2001, is a date that changed America forever. The Nation has endured a terrible tragedy. The human suffering is immense and our sense of invulnerability shattered. The terrorist strike on that date took the lives of thousands of U.S. civilians, and we will spend many months and years trying to come to grips with the magnitude of the day's attack on our freedom.

We have been left with searing images of a horror that could not be contained—acts of terrorism that unfolded before our eyes, gripping this Nation and the world in raw and vivid devastation, touching all of us with feelings expressed in public and in private; from panic to helplessness; helplessness to anger; and anger to loss.

Members of Congress have stood as one to condemn these attacks, comfort the victims and their families, and commit our full support to bring those responsible to justice. Our heartfelt thoughts and fervent prayers continue to go to those who have been lost.

Today we bring before the Senate a bill to help those victims and their families through some of the financial crises they will face as a result of the terrorist's actions.

Throughout our history, Congress has provided Federal tax relief to soldiers who die while serving in combat zones, and to service members and other individuals who have been affected by hostile actions outside of combat zones. But in the past, legislative relief bills have been limited in scope, because the actions they were intended to address were themselves limited.

The terrorist attack of September 11, 2001, changed our perception, as a nation, of the nature of terrorist activity. Our Tax Code simply has no frame of reference for the unprecedented scope of destruction and the inconceivable loss of civilian life on American soil that resulted from the terrorist attacks.

The events of September 11 have been characterized by the President as an act of war, and in the hearts and minds of most Americans, those who died in the attack should be treated like American soldiers who pay the ultimate price on the field of battle.

Because of this, the House passed H.R. 2884, a bill which extends the benefits available to those who die in combat zones to all of the individual killed as a result of the September 11 attacks. It provides significant income tax and estate tax relief to the victims of the September 11 attacks.

The bill before you builds on the House legislation, because we acknowledge that the overwhelming loss of life in the September 11 action was civilian, and civilian victims tend to have different tax issues than soldiers.

This bill provides relief to all of the victims of the September 11 attacks—the brave firefighters who lost their lives trying to save those trapped in the destruction, employees who worked in the targeted buildings, tourists who were just visiting, as well as those on the airplanes converted into weapons by the terrorists. The bill also provides relief to the families of the victims of the post-September 11 anthrax attacks, and to those who died in the bombing of the Alfred P. Murrah Federal Building in Oklahoma City on April 19, 1995.

Under this legislation, all of the victims will have their Federal income tax liability, and any self-employment tax liability, forgiven for the year of their death and at least 1 previous year.

To achieve a measure of tax equity and recognize the different taxes paid by individuals, our bill also provides relief from payroll taxes that parallels the income tax relief.

In the case of the estate tax, our bill modernizes the application of the statute and creates a special formula that shields the first \$3 million in assets from both Federal and State estate taxes, and \$8.5 million in assets from Federal estate tax for 2001.

In the wake of the explosions, the Treasury Department quickly waived an extensive list of deadlines for those affected by the disaster.

However, the Department was unable to extend all Federal deadlines, in some cases because they had no clear authority and in others because of the need to coordinate with other agencies. Those other agencies have themselves been confronted with a lack of clear authority in waiving deadlines under their jurisdiction.

Our bill clarifies and expands upon the Government's ability to extend deadlines in case of any disaster, including the ability to waive interest for payments that are delayed.

There are also special exclusions for some types of death benefits in current law. For example, worker's compensation benefits and life insurance proceeds to beneficiaries are not taxed, nor are payments from a government retirement plan for a public safety officer killed in the line of duty. The first \$3,000 of death benefits paid to soldiers killed in combat are also not taxed.

Our bill expands this nontaxable list to include all death benefits paid on account of a death resulting from this terrorist action.

Current law also excludes disability benefits from income if they are made under workers compensation laws in certain limited circumstances. Our bill expands those eligible for the exclusion to include anyone injured in a terrorist attack.

The Senate bill before us also includes provisions making it clear that payments made by FEMA to individuals affected by any disaster are not subject to income tax.

In the wake of the attacks, a number of employers who had workers killed in the World Trade Centers, in the Pentagon, and in the airplanes used as weapons stepped up to the plate with generous offers of help to their lost colleagues' families.

Under current law, payments such as these would typically be taxed, which would reduce the amount of help going directly to the surviving families. Our bill exempts these payments from Federal income tax liability.

We are also aware that some financial institutions are considering forgiving outstanding credit card balances of those who died in the attacks. Our bill makes sure that any such debt forgiveness is not itself subject to tax.

To protect those victims' families who elect structured settlements in order to ensure they have a stream of payments for as long as they need them, our bill makes sure anyone acquiring these payment streams goes through a court process designed to protect the families.

And for those families who set up special disability trusts in the wake of the attacks, a personal exemption is provided.

The charitable community has also responded overwhelmingly to the needs of the victims and their survivors. For example, in my home State of Montana, members of the higher education community, including the University of Montana, have helped to establish the "September 11 College Fund."

The money donated to this fund will provide assistance, based on need, to cover higher education expenses for dependents and survivors of those lost at the institution of their choice. One hundred percent of the donated funds will go directly to the students—none of the principal will be used for administrative expenses.

The charitable community is playing an important role in helping our Nation recover from this tragedy. Our bill makes it easier for charitable organizations to make disaster relief payments to victims and their families.

Our bill also makes it easier for companies to establish private foundations to help the survivors with both short-term and long-term needs, such as scholarships for the victim's children.

In the days following this attack, as well as in the days following other natural disasters such as fires and floods, we have seen a great deal of confusion among our citizens about their responsibilities and benefits under the Tax Code.

For this reason, the Senate bill also requires the Internal Revenue Service to establish a permanent Disaster Response Team whose responsibility it will be to help taxpayers clarify and resolve Federal tax matters associated with any natural disaster or terroristic or military action.

In addition, the bill clarifies a provision in the recently enacted Air Trans-

portation Safety and System Stabilization Act relating to the dates certain excise tax deposits are due.

I don't claim that this bill is perfect, I am sure there are specific tax situations that have arisen because of these attacks that we may not have addressed in this bill. If we took the time to identify and address all of them, we would never complete this legislation, so we believe the best course of action is to move forward with what we have, and continue to look for opportunities to provide more assistance in the future.

I also am well aware of the fact that no legislation passed by this Congress can ever truly compensate the victims of this horrible attack and their families for everything they have lost—the love, warmth and companionship of those who have died. Nor can we ever replace the feeling of security we once had as a nation. But we can help make the road to recovery for the families of these victims a little smoother with the provisions of this bill, and make it easier to respond to other disasters in the future.

This is a good piece of legislation, and it will help thousands of families facing an uncertain future. I urge my colleagues to support it.

Mr. TORRICELLI. Mr. President, I understand Senator BAUCUS has a substitute amendment at the desk. I ask unanimous consent that the amendment be agreed to, the act, as amended, be read the third time and passed, the amendment to the title be agreed to, the motion to reconsider be laid upon the table, and any statements relating thereto be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2163) was agreed to.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

The bill (H.R. 2884), as amended, was read the third time and passed.

The title was amended so as to read: "An Act to amend the Internal Revenue Code of 1986 to provide tax relief for victims of the terrorist attacks against the United States, and for other purposes."

Mr. TORRICELLI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TORRICELLI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THANKSGIVING

Mr. TORRICELLI. Mr. President, the Senate is in its final moments before the Thanksgiving recess. I am mindful